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Health Roundtable

Max S. Baucus

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Senator * or Department*: **BAUCUS**

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(1) Subject*: Health

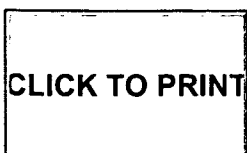
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(2) Subject* None

DOCUMENT DATE*: 05/11/2009

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**QUESTIONS FOR ROUNDTABLE PARTICIPANTS
ADDITIONAL LIST**

Mr. Altman, Ms. Wilensky, Mr. Greenstein: Health System Savings

- Can you please identify specific areas of inappropriate payment that Congress should consider changing? How can we ensure that we do not impact beneficiary access and quality?
- Do providers become more efficient and productive over time – that is, can they generally do the same job for less cost? If so, is it reasonable to adjust future payment updates to reflect this reality?
- You all have worked on major payment reforms, including the move to DRGs for hospitals. In your experience, do such changes tend to reduce geographic variation?
- As we consider financing changes within the health system, what would you recommend in terms of the timing of these changes relative to the delivery system reforms also under consideration?

Mr. Jacobson: Sugary Beverages Tax

- Obesity is a complicated problem – caused by multiple factors. Why should we consider taxing sugary beverages and not something else that is contributing to the obesity epidemic? Why not tax trans-fats or couch potatoes? What is the evidence that a sugary beverage tax would be the most beneficial?
- How will a sugary beverage tax really impact behavior? Will people really make better choices?
- Taxing sugary beverages would be difficult. How would you do it? Should drinks be taxed based on the concentration of sugar or high fructose corn syrup? Or should all sugary beverages be taxed the same?

Financing
Health Care Roundtable
Statement of Senator Max Baucus
May 12, 2009

The novelist Edith Wharton said:

**“The only way not to think about money
is to have a great deal of it.”**

**Today, we host the third of our three
roundtable discussions on health care reform.
This one thinks about money. With any luck, we’ll
have a great deal of it.**

This roundtable discussion will preview many of the revenue and savings options that the Committee will consider at a walk-through session next week, heading to our markup next month.

The Committee has spent a good deal of time laying the groundwork for comprehensive health care reform. We have discussed ways to reform the health care delivery system. And we talked about ways to provide health coverage to all Americans.

Now it's time to think about money. It's time to talk about how to finance health care reform.

I am committed to comprehensive reform of our health care system. But I also recognize that we need to pay for it.

The proposals that we have discussed in our previous roundtables and walk-through will not come easily. The reforms that we are planning are not cheap.

But Americans already spend \$4½ million on health care every minute of every day. That's \$2½ trillion a year. Without reform, over the next 10 years, America will spend more than \$33 trillion on health care.

The Federal government alone spends nearly \$700 billion a year on Medicare and Medicaid.

And the Federal government forgoes almost \$300 billion a year in Federal tax revenue in health care tax expenditures.

The costs of health care are high — for families, businesses, and the Federal government alike. To make the system more affordable and provide coverage to all, we need to look at where we spend money on health care today. And when it comes to the government, we need to look at both spending and tax expenditures.

The first place that we should look for savings is within health care itself. We should reform the health care delivery system to bring higher quality and greater efficiency to all Americans.

We discussed a range of reforms during the walk-through on delivery system reform. And we will discuss additional savings options today.

We should also look at the current tax treatment of health care. I know that there is some controversy around doing so. Some do not want to modify the current unlimited exclusion for employer-provided health care. And I agree that we are not going to eliminate the exclusion.

But the current tax exclusion is not perfect. It is regressive. It often leads people to buy more health coverage than they need.

We should look at ways to modify the current tax exclusion so that it provides the right incentives. And we should look at ways to make it fairer and more equitable for everyone.

We also need to look at other tax benefits for health care. Among these are tax-preferred health accounts and the itemized deduction for health expenses. We should try to make sure that those benefits are structured fairly and efficiently.

And because of the cost of comprehensive health care reform, we will need to look at other options. Among those is the President's proposal to limit itemized deductions.

All of these ideas deserve close and careful scrutiny and discussion.

Finding money that we can all agree on will not be easy. But few worthwhile things are.

Achieving comprehensive health care reform is important enough that we must find a way to succeed. This roundtable will begin the discussion of how we can responsibly finance health care reform.

At next week's walk-through, we will look at a menu of options for financing reform. We need to keep all of the options on the table. And everyone has to give and take to make this work. I hope that my Colleagues here will keep an open mind as we start this discussion.

Together, we can find the money that we need to finance comprehensive health care reform.

It will take a great deal of money to pay for health care reform. And we have to start having the hard discussions about where the money is going to come from. This roundtable is an important part of those discussions.

Each of our participants today brings an important voice to the discussion. They are experts, stakeholders, or both.

Once again, forgive me for not taking the time to introduce every participant. We have distributed a biographical sketch and a brief statement for each participant.

And as we did before, we gave each participant and Senator some questions that will help start our dialogue. And beyond that, I just look forward to a fruitful discussion.

So, let's get started with our discussion. Let's do some thinking about money. Let's see if we can uncover a great deal of it. And let's see if we can advance the effort of comprehensive health care reform.